

R E P O R T

LOUISIANA CLERKS OF COURT
SUPPLEMENTAL COMPENSATION FUND
BATON ROUGE, LOUISIANA

JUNE 30, 2012 AND 2011

LOUISIANA CLERKS OF COURT
SUPPLEMENTAL COMPENSATION FUND
BATON ROUGE, LOUISIANA

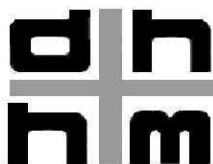
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JUNE 30, 2012 AND 2011

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INDEPENDENT AUDITOR'S REPORT

October 17, 2012

Board of Directors of the Louisiana Clerks of Court
Supplemental Compensation Fund
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Louisiana Clerks of Court Supplemental Compensation Fund, Baton Rouge, Louisiana, as of and for the years ended June 30, 2012 and 2011, as listed in the index to report. These financial statements are the responsibility of the Louisiana Clerks of Court Supplemental Compensation Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Clerks of Court Supplemental Compensation Fund, as of June 30, 2012 and 2011 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued a report dated October 17, 2012, on our consideration of Louisiana Clerks of Court Supplemental Compensation Fund's internal control over financial reporting and on our test of its compliance with laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA CLERKS OF COURT SUPPLEMENTAL COMPENSATION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012 AND 2011

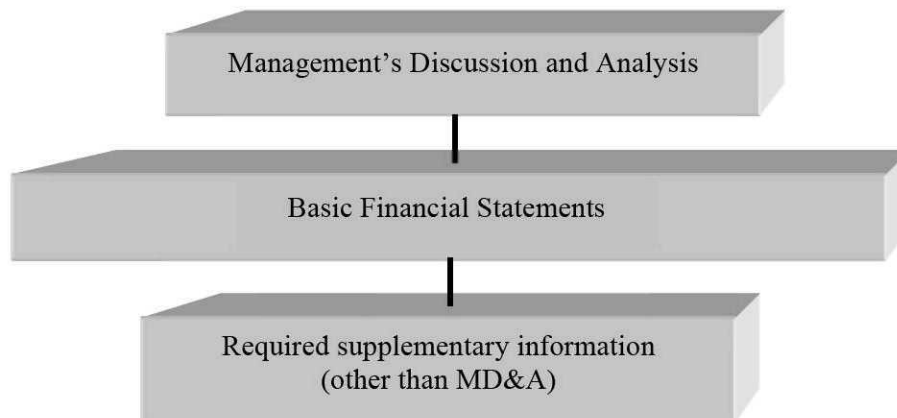
The Management's Discussion and Analysis of the Louisiana Clerks of Court Supplemental Compensation Fund's financial performance presents a narrative overview and analysis of Louisiana Clerks of Court Supplemental Compensation Fund's financial activities for the years ended June 30, 2012 and 2011. This document focuses on the current year's activities, resulting changes and currently known facts in comparison with the prior period's information. Please read this document in conjunction with the additional information contained in the Louisiana Clerks of Court Supplemental Compensation Fund's financial statements which begin on page 6.

FINANCIAL HIGHLIGHTS

- Louisiana Clerks of Court Supplemental Compensation Fund's net assets increased by \$35,280.
- Fee receipts increased from \$1,287,495 to \$1,384,882 due to an increase in suit fees during the year ended June 30, 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

LOUISIANA CLERKS OF COURT SUPPLEMENTAL COMPENSATION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012 AND 2011

Basic Financial Statements

The basic financial statements present information for the Louisiana Clerks of Court Supplemental Compensation Fund as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the government-wide financial statements and fund financial statements.

Financial Statements: The *financial statements* are designed to provide readers with a broad overview of the Louisiana Clerks of Court Supplemental Compensation Fund's finances, in a manner similar to private-sector business. The financial statements include:

Statement of Net Assets – this statement presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana Clerks of Court Supplemental Compensation Fund is improving or deteriorating.

Statement of Activities – this statement presents information showing how Louisiana Clerks of Court Supplemental Compensation Fund's assets changed as a result of current period operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Assets
For the Years Ending

	June 30,	
	2012	
Assets:		
Cash and cash equivalents	\$ 27,690	\$ 20,863
Accounts receivable	114,115	108,512
Total assets	<u>\$ 141,805</u>	<u>\$ 129,375</u>
Liabilities:		
Supplemental payable	\$ 115,400	\$ 138,250
Total liabilities	<u>115,400</u>	<u>138,250</u>
Net assets:		
Restricted	26,405	(8,875)
Total net assets	<u>26,405</u>	<u>(8,875)</u>
Total liabilities and net assets	<u>\$ 141,805</u>	<u>\$ 129,375</u>

LOUISIANA CLERKS OF COURT SUPPLEMENTAL COMPENSATION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012 AND 2011

Statements of Activities
For the Years Ending

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Program revenues – fee receipts	\$ 1,384,882	\$ 1,287,495
General revenues – interest	<u>43</u>	<u>73</u>
Total revenues	<u>1,384,925</u>	<u>1,287,568</u>
Program Expenses – Supplemental payments and other expenses	<u>1,349,645</u>	<u>1,369,145</u>
Net increase (decrease) in net assets	<u>\$ 35,280</u>	<u>\$ (1,577)</u>

**CONTACTING THE CLERKS' SUPPLEMENTAL
COMPENSATION FUND'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana Clerks of Court Supplemental Compensation Fund's finances and to show the Louisiana Clerks of Court Supplemental Compensation Fund's accountability for the money it receives. If you have questions about this report or need additional information, contact Debbie Hudnall at (225) 293-1162.

LOUISIANA CLERKS OF COURT SUPPLEMENTAL COMPENSATION FUND
 STATEMENTS OF NET ASSETS
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash	\$ 27,690	\$ 20,863
Accounts receivable	<u>114,115</u>	<u>108,512</u>
TOTAL ASSETS	<u>\$ 141,805</u>	<u>\$ 129,375</u>
LIABILITIES:		
Liabilities:		
Supplemental payable	\$ <u>115,400</u>	\$ <u>138,250</u>
Total liabilities	<u>115,400</u>	<u>138,250</u>
NET ASSETS		
Restricted	<u>26,405</u>	<u>(8,875)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 141,805</u>	<u>\$ 129,375</u>

See accompanying notes.

LOUISIANA CLERKS OF COURT SUPPLEMENTAL COMPENSATION FUND
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Fee receipts	\$ 1,384,882	\$ 1,287,495
Interest	<u>43</u>	<u>73</u>
Total revenues	<u>1,384,925</u>	<u>1,287,568</u>
Expenses:		
Supplemental payments	1,345,500	1,365,000
Other expenses	<u>4,145</u>	<u>4,145</u>
Total expenses	<u>1,349,645</u>	<u>1,369,145</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES	35,280	(81,577)
NET ASSETS:		
Beginning of year	<u>(8,875)</u>	<u>72,702</u>
End of year	\$ <u><u>26,405</u></u>	\$ <u><u>(8,875)</u></u>

See accompanying notes.

LOUISIANA CLERKS OF COURT SUPPLEMENTAL COMPENSATION FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Fee receipts	\$ 1,379,279	\$ 1,292,514
Payments to Clerks	(1,368,350)	(1,340,500)
Other receipts (payments)	<u>(4,102)</u>	<u>(4,072)</u>
Net cash provided by (used in) operating activities	<u>6,827</u>	<u>(52,058)</u>
Net increase (decrease) in cash and cash equivalents	6,827	(52,058)
Cash and cash equivalents, beginning of year	<u>20,863</u>	<u>72,921</u>
Cash and cash equivalents, end of year	\$ <u><u>27,690</u></u>	\$ <u><u>20,863</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ <u>35,280</u>	\$ <u>(81,577)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in accounts receivable	(5,603)	5,019
Increase (decrease) in accounts payable	<u>(22,850)</u>	<u>24,500</u>
Total adjustments	<u>(28,453)</u>	<u>29,519</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u><u>6,827</u></u>	\$ <u><u>(52,058)</u></u>

See accompanying notes.

LOUISIANA CLERKS OF COURT SUPPLEMENTAL COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

On July 8, 1987, Louisiana Revised Statute 13:761 created the Louisiana Clerks of Court Supplemental Compensation Fund to supplement the salaries of the clerks of court of the district courts and is in addition to any compensation otherwise authorized by law. Louisiana Clerks of Court Supplemental Compensation Fund Board was created and is composed of five members appointed by the board of directors of the Louisiana Clerks of Court Association. The uncompensated members of the board shall serve two-year terms unless otherwise specified and they may not serve more than two successive terms. The Chairman of the Board shall be responsible for the distribution of the proceeds of the fund and he shall keep detailed and accurate records.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of significant accounting policies.

Financial Reporting Entity:

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units which are required to be included in the Louisiana Clerks of Court Supplemental Compensation Fund's financial statements.

The accompanying financial statements of Louisiana Clerks of Court Supplemental Compensation Fund present information only as to the transactions of the programs of the Louisiana Clerks of Court Supplemental Compensation Fund as authorized by Louisiana statutes and administrative regulations.

Basis of Presentation:

The accompanying financial statements of the Louisiana Clerks of Court Supplemental Compensation Fund have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In addition, these financial statements include the provisions of GASB Statement Number 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* and related standards. This standard provides for significant changes in terminology, recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Assets, inclusion of a management discussion and analysis as supplementary information and other changes.

LOUISIANA CLERKS OF COURT SUPPLEMENTAL COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation: (Continued)

In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Louisiana Clerks of Court Supplemental Compensation Fund applies all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. As allowed by GASB Statement No. 20, the Louisiana Clerks of Court Supplemental Compensation Fund has elected not to apply pronouncements other than those issued by GASB after November 30, 1989.

Measurement Focus and Basis of Accounting:

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The following practices are utilized in recording revenues and expenditures:

- Supplemental receipts are recorded in the month the civil suit is filed.
- Interest is recorded as earned.
- Expenditures are recognized under the accrual basis of accounting when the related fund liability is incurred.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, cash includes amounts in interest bearing demand deposits.

Net Assets:

Restricted:

Restrictions represent those portions of net assets for future expenditures which are legally and/or board segregated for a specific use.

LOUISIANA CLERKS OF COURT SUPPLEMENTAL COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

2. CASH:

At June 30, 2012 and 2011, the carrying amount of cash was \$27,690 and \$20,863, respectively. The bank balances at June 30, 2012 and 2011 were \$29,340 and \$20,863, respectively. The bank balances were entirely covered by Federal Depository Insurance.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the Louisiana Clerks of Court Supplemental Compensation Fund's deposits may not be returned to it. The Louisiana Clerks of Court Supplemental Compensation Fund does not have a deposit policy for custodial risk. As of June 30, 2012 and 2011, Louisiana Clerks of Court Supplemental Compensation Fund was not exposed to custodial credit risk since all funds were covered by FDIC insurance.

3. COMPENSATION TO BOARD MEMBERS:

The board members do not receive any additional compensation for being on the board.

4. USE OF ESTIMATES:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

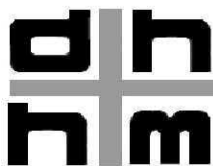
5. RELATED PARTY:

The Louisiana Clerks of Court Association operates on a nonprofit basis for the purpose of providing the opportunity for clerks of court to exchange ideas on the operation of their offices, to evaluate the standards and offer ways and means to serve the public better, to encourage the passage of uniform laws pertaining to the administration of the duties of clerks of court in the State of Louisiana, to exemplify the ideals of public service as an influence in business and civic life, to cultivate friendship among its members over the State of Louisiana, and to participate in the formulation of and to advance the official policies of the Association over the State of Louisiana.

The Association has a controlling interest in the Louisiana Clerks of Court Supplemental Compensation Fund through appointment of the Louisiana Clerks of Court Supplemental Compensation Fund's board of directors. There were no material financial transactions with the Louisiana Clerks of Court Association during the years ended June 30, 2012 and 2011.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON A
FINANCIAL STATEMENT AUDIT PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

October 17, 2012

Board of Directors of the
Louisiana Clerks of Court Supplemental Compensation Fund
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Clerks of Court Supplemental Compensation Fund, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Louisiana Clerks of Court Supplemental Compensation Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Louisiana Clerks of Court Supplemental Compensation Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Clerks of Court Supplemental Compensation Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management of Louisiana Clerks of Court Supplemental Compensation Fund and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP